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FARM BUSINESS NEWS

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Broadcast by Frank George, Bureau of Agricultural Economics, and Wallace L. Kadderly, Radio Service, Monday, June 3, 1940, in the Department of Agriculture portion, National Farm and Home Hour, over the blue network of the National Broadcasting Company.

--ooOoo--

KADDERLY:

A good deal has happened to agriculture during the past month. We've seen markets disrupted all over the world. We've seen prices of farm products decline as the lightning of warfare flashed again and again...deeper and deeper...through Belgium and into Northern France. Farmers all over the United States now are wondering what the conditions are likely to be when the products of our farms go to market this summer and next fall...In the studio we have the man who told us a month ago better things were ahead for this summer and fall. He is Frank George of the Bureau of Agricultural Economics...Frank, how about that? Has the farm outlook been changed by the recent events in Europe?

GEORGE:

If the war should suddenly come to an end, the farm outlook might be greatly changed - for the worse. Meanwhile, the more intensive hostilities in Europe should stimulate foreign buying of many industrial products in this country. This should mean a better domestic demand for farm products...

KADDERLY:

But the foreign demand for our farm products is practically shut off!

GEORGE:

Yes, that's true of wheat...and fruits...and tobacco...pork and lard and cotton...although during the early months of the European War our exports of pork and lard and cotton increased. There seems little hope of any significant increase in exports of these products in the near future.

KADDERLY:

How about later on?

GEORGE:

Later in the year it is possible there may be some increase in exports of pork when the supply of meats in Great Britain begins to run low, and there may be some increase in exports of dairy products - principally of evaporated and condensed milk. Even so, this would not add much to prices and incomes of farmers.

KADDERLY:

What about cotton?

GEORGE:

Our economists are saying that the recent developments in the war are decidedly not favorable from the standpoint of world demand for cotton. The important manufacturing markets of Belgium, Holland, and Northern France may now be shut off for an indefinite period. And should Italy declare war on the side of Germany, the markets in the Mediterranean area also might be lost.

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KADDERLY:

Now Frank, about grains? A new winter wheat harvest will soon be underway. How is the world fixed for wheat?

GEORGE:

The world seems to have plenty of wheat. Our own winter wheat crop is much smaller this year, but the total supply of all wheat in the United States will be about 960 million bushels. This compares with a little more than 1 billion bushels last year.

KADDERLY:

Then, there will be plenty of wheat for our own needs, and plenty for any export demand that might develop later on....Now, going from the wheat belt to the corn belt, what is the situation as to feed grains and the livestock industry?

GEORGE:

The corn crop probably will be smaller this year, but there is a large carry-over of corn, and the total supply of feed grains will be enough for the increased number of animals on farms. Prices of feed grains are higher this summer, but there has been no corresponding gain in prices of livestock. In fact, the prices of hogs are lower. The relation between feed prices and livestock prices continues unfavorable to livestock producers.

KADDERLY:

That being the case, the upward trend in livestock numbers and the production of livestock products may be reversed. That would mean a weaker demand for feeder cattle next fall.

GEORGE:

Yes...And it looks now as if the production of pigs will be smaller this year.....We'll know about that on Friday of this week when the spring pig crop report comes out.

KADDERLY:

Now Frank, you haven't said anything about dairy or poultry products.

GEORGE:

As for milk, a high record of production is expected this summer. But on the favorable side is the improved consumer demand that is expected for all farm products. Production of eggs is declining seasonally now, and some improvement in prices should soon be registered.

KADDERLY:

And that better consumer demand you're looking for is going to help in the marketing of our fruit and truck crops too....Now, Frank, how do the economists translate all this - the supply and demand situation for this summer - into terms of cash farm income?

GEORGE:

Farm cash income probably registered the usual seasonal increase last month - in May, - and the total of cash income in this current month of June will round out to about 600 million dollars - about the same as in June during the last two years.

You see, the recent sharp decline in prices of some commodities - in wheat and in cotton, for example, - came at a time when farmers had little of wheat and cotton to sell. So these price declines didn't have much effect on cash income. Total cash farm income no doubt will continue to increase during the summer and early fall until the peak of about one billion dollars is reached next October - about the same as in October of recent years.

